

## Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 L-03 SS-15 CA-01 CIAE-00 INR-10  
NSAE-00 JUSE-00 SEC-01 H-01 SSO-00 INRE-00 /046 W  
-----088711 021435Z /43

O 021404Z MAR 78

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC IMMEDIATE 0381

C O N F I D E N T I A L SAN JOSE 0991

E.O. 11652: GDS

TAGS: PGOV, PINT, CS

SUBJ: CHARGES IN US AGAINST VESCO

REF: STATE 51200

1. IN VIEW OF DESIRE OF PRESIDENT-ELECT TO USE THIS INFORMATION IN PUBLIC PROCEEDINGS AND PROBABLY WITH MEDIA, EMBASSY HAS REDRAFTED LISTING OF CHARGES AGAINST VESCO TRANSMITTED BELOW. DEPARTMENT CONCURRENCE ON THIS VERSION, OR SUGGESTED CHANGES, REQUESTED ASAP.

2. THERE ARE FIVE CRIMINAL INDICTMENTS OUTSTANDING AGAINST ROBERT VESCO. ALL OF THE INDICTMENTS WERE BROUGHT IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK (A FEDERAL COURT), BETWEEN 1972 AND 1976, AND ALL ARE STILL PENDING. THE CASES CANNOT GO FORWARD SO LONG AS MR VESCO REMAINS A FUGITIVE FROM US JUSTICE.

3. THE FIRST INDICTMENT CHARGES THAT MR VESCO MADE AN ILLEGAL CAMPAIGN CONTRIBUTION OF \$200,000 TO THE 1972 RE-ELECTION CAMPAIGN OF EX-PRESIDENT NIXON. THE INDICTMENT HOLDS THAT MR VESCO MADE THIS CON-

TRIBUTION IN ORDER TO STOP AN INVESTIGATION BY THE SECURITIES AND EXCHANGE COMMISSION, AN INDEPENDENT INVESTIGATORY BODY OF THE USG, INTO THE MANIPULATION OF FUNDS BY A COMPANY NAMED INVESTORS  
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OVERSEAS SERVICES (IOS), WHICH MR VESCO CONTROLLED. IOS IS A LARGE MULTI-NATIONAL MANAGEMENT CONCERN THAT OPERATED AND CONTROLLED VAST MUTUAL FUNDS WORLD-WIDE.

4. THE SECOND INDICTMENT CHARGES MR VESCO WITH CRIMINAL CONTEMPT OF COURT AT THE US DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK. THE CHARGE IS THAT MR VESCO FAILED TO COMPLY WITH A FEDERAL

COURT SUBPOENA TO APPEAR BEFORE A FEDERAL GRAND JURY IN NEW YORK.

5. THE THIRD INDICTMENT CHARGES ATTEMPTED FRAUD IN CONNECTION WITH MR VESCO'S ALLEGED EFFORTS TO CONCEAL THE SOURCE OF THE \$200,000 CAMPAIGN CONTRIBUTION HE IS CHARGED WITH MAKING IN 1972.

6. THE FOURTH INDICTMENT CHARGES WIRE FRAUD--USING THE TELEGRAPH TO COMMIT FRAUD--IN CONNECTION WITH THE TRANSFER OF FUNDS FROM ONE VESCO ENTITY TO ANOTHER. THE CHARGE IS THAT IT WAS PRECISELY IN THE INTRICATE PROCESS OF TRANSFER OF FUNDS AMONG THESE ENTITIES THAT THERE WAS A SIPHONING OFF PROCESS AND RIGHTFUL INVESTORS THUS ENDED UP WITH WORTHLESS SECURITIES.

7. THE FIFTH AND LATEST INDICTMENT INVOLVES THE BIGGEST CASE OF ALL OUTSTANDING CHARGES AGAINST MR VESCO IN DOLLAR TERMS. IT CONSISTS OF NINE COUNTS AND WAS BROUGHT IN JANUARY 1976. THE CHARGE IS THAT MR VESCO AND SIX OF HIS ASSOCIATES MISAPPROPRIATED MORE THAN \$100 MILLION OF ASSETS OF MUTUAL FUNDS MANAGED BY INVESTORS OVERSEAS

SERVICES (IOS). THE ALLEGED FRAUD CHARGED IN THE INDICTMENT CONSISTED OF THE LIQUIDATION OF SOUND IOS INVESTMENTS AND THE CHANNELLING OF FUNDS SO OBTAINIZE INTO CLEARLY UNSOUND INVESTMENTS OWNED OR CONTROLLED BY MR VESCO OR HIS ACCOMPLICES. THE ALLEGED LOOTING OF THE IOS COMPANY INVOLVED THE TRANSFER OF \$50 MILLION IN IOS FUNDS TO A COMPANY CALLED GLOBATOVENTURES, AND ANOTHER \$60

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MILLION IN IOS FUNDS TO A COMPANY CALLED INTER-AMERICAN CAPITAL. KILDAY

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## Message Attributes

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